

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00	7.00
Personal Services	443,615	37,516	0	481,131	38,150	0	481,765	962,896
Operating Expenses	262,606	42,824	83,920	389,350	21,119	10,000	293,725	683,075
Grants	449,188	0	10,000	459,188	0	12,500	461,688	920,876
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$1,155,409	\$80,340	\$93,920	\$1,329,669	\$59,269	\$22,500	\$1,237,178	\$2,566,847
General Fund	399,976	35,282	93,920	529,178	11,297	22,500	433,773	962,951
State/Other Special	185,091	15,299	0	200,390	16,967	0	202,058	402,448
Federal Special	570,342	29,759	0	600,101	31,005	0	601,347	1,201,448
Total Funds	\$1,155,409	\$80,340	\$93,920	\$1,329,669	\$59,269	\$22,500	\$1,237,178	\$2,566,847

Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

Agency Highlights

Montana Arts Council Major Budget Highlights
<ul style="list-style-type: none"> ◆ Present law requests increase budget about \$122,000 over the doubled 2006 base budget amount ◆ Executive recommends new proposals for IT needs and grants for arts education
Montana Arts Council Major LFD Issues
<ul style="list-style-type: none"> ◆ American master Indian art sales not identified making determination of program success difficult ◆ General fund savings

Agency Discussion*Goals and Objectives:*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by LFD staff are located in the program section.

In the 2007 biennium the agency received \$150,000 to replace funding that was eliminated through general fund reductions made in the 2003 session. The funding increased the FY 2006 base amount and is continued in the 2009 biennium. The following figure shows the amounts and uses of the additional funds.

As shown, \$27,500 was used for the Leadership Institute Program previously funded with private grants. The Leadership Institute Program provides training for nonprofit Boards of Directors. MAC also allocated \$14,000 to the Arts Education Program for grants and training and used the remaining funding for opportunity and professional development grants. Grants overall declined by \$13,000 from the FY 2006 budget request due to a \$24,500 federal funding reduction and shifting of costs to offset the reduction in the private grant.

Figure 1 Montana Arts Council 2006 Expenditures for Additional Funding			
	Initial Allocation	2006 Actual Allocation	2006 Actual Expenditures
Arts Program	\$30,000	\$15,000	\$14,000
Arts Business Services	54,000	27,000	
Grants to Local Communities	32,000	16,000	33,500
Unspecified Reductions	34,000	17,000	
Leadership Institute	\$0	\$0	<u>27,500</u>
Total	<u>\$150,000</u>	<u>\$75,000</u>	<u>\$75,000</u>

Included in the new proposals are increases for computer database programming and LAN administration and an increase for arts education in the schools.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Promotion Of The Arts						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 399,976	34.6%	\$ 529,178	39.8%	\$ 433,773	35.1%
01100 General Fund	399,976	34.6%	529,178	39.8%	433,773	35.1%
02000 Total State Special Funds	185,091	16.0%	200,390	15.1%	202,058	16.3%
02009 Cultural And Aesthetic Project	185,091	16.0%	200,390	15.1%	202,058	16.3%
03000 Total Federal Special Funds	570,342	49.4%	600,101	45.1%	601,347	48.6%
03016 Nea Funds-Basic State Grant	512,341	44.3%	542,101	40.8%	543,347	43.9%
03017 Nea Funds-Arts In Education	58,001	5.0%	58,000	4.4%	58,000	4.7%
Grand Total	<u>\$ 1,155,409</u>	<u>100.0%</u>	<u>\$ 1,329,669</u>	<u>100.0%</u>	<u>\$ 1,237,178</u>	<u>100.0%</u>

The agency is funded with a combination of general fund, state special revenue funds from cultural and aesthetic trust fund interest earnings, and federal funds from the National Endowment for the Arts.

The coal severance tax fund shared account supports the Montana Arts Council's administration of the cultural and aesthetic trust activities and its Folklife Program, which promotes Montana's traditional and native arts and cultures. Interest earnings from the corpus of the cultural trust support the Cultural and Aesthetic Program projects funded in HB 9. In FY 2006 MAC expended \$55,000 on the Folklife Program and \$130,000 for project administration. Due to increases in coal tax interest, state special revenues are increased \$32,200 over the 2009 biennium. The executive proposes using \$15,800 of the increase to fund statewide present law adjustments and the remaining \$16,400 for requested present law adjustments.

**LFD
ISSUE****American Master Indian Artists State Parks Partnership Pilot Program Sales Not Separated from Other FWP Funds**

In FY 2006, the Governor's Office transferred \$25,000 from the Office of Economic Opportunity to the Montana Arts Council to support an American master Indian artists state parks partnership pilot. The funds were budgeted as follows:

- Purchase \$9,000 in inventory for the program
- \$2,500 to fund travel and related expenditures for the Folklife director while purchasing inventory
- Market artist's workshops on Indian reservations within the state at \$6,000
- Travel costs of \$2,506 to attend an economic development summit in Washington DC
- Design and printing costs for economic development booklet at a cost of \$5,000

According the Office of Economic Opportunity, the program design includes sales of art work to generate funds to purchase additional art with the goal of creating an outlet for Native American artists.

The \$9,000 of art work purchased was transferred to the Department of Fish, Wildlife and Parks (FWP) for sale at Ulm Pishkun, Chief Plenty Coups and Makoshika state parks. FWP sold some of the items over the summer, depositing the funds into their enterprise account. These funds are not identified separately in the FWP proprietary fund making it difficult to determine the amount of the sales and the amount of funds available for future purchases.

The legislature may wish to consider requesting the funds from this program be segregated from other FWP proprietary funds generated at the state parks to allow for determination of the success of the pilot project.

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	7.00	0.00	7.00	7.00	0.00	7.00	7.00	7.00
Personal Services	481,131	0	481,131	481,765	0	481,765	917,610	962,896
Operating Expenses	305,430	83,920	389,350	283,725	10,000	293,725	505,654	683,075
Grants	449,188	10,000	459,188	449,188	12,500	461,688	996,418	920,876
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$1,235,749	\$93,920	\$1,329,669	\$1,214,678	\$22,500	\$1,237,178	\$2,419,682	\$2,566,847
General Fund	435,258	93,920	529,178	411,273	22,500	433,773	791,291	962,951
State/Other Special	200,390	0	200,390	202,058	0	202,058	378,375	402,448
Federal Special	600,101	0	600,101	601,347	0	601,347	1,250,016	1,201,448
Total Funds	\$1,235,749	\$93,920	\$1,329,669	\$1,214,678	\$22,500	\$1,237,178	\$2,419,682	\$2,566,847

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					34,366					36,275
Inflation/Deflation					2,655					2,868
Fixed Costs					14,382					(4,544)
Total Statewide Present Law Adjustments					\$51,403					\$34,599
DP 5 - Rent Increase & Relocation Expenses										
	0.00	9,382	7,536	5,182	22,100	0.00	5,532	8,044	5,532	19,108
DP 51401 - Present Law Cost Adjustments										
	0.00	2,772	259	3,806	6,837	0.00	2,397	634	2,531	5,562
Total Other Present Law Adjustments										
	0.00	\$12,154	\$7,795	\$8,988	\$28,937	0.00	\$7,929	\$8,678	\$8,063	\$24,670
Grand Total All Present Law Adjustments					\$80,340					\$59,269

LFD COMMENT

The annual statewide present law adjustments for personal services are a 7.1 percent increase over the personal services base. About \$24,000 of the increase is attributable to pay plan increases approved by the 2005 Legislature. The remaining increases are the result of increased employee benefit costs.

LFD ISSUE

General Fund Savings

The following figure illustrates the funding percentages for the FY 2006 base and the present law adjustments for FY 2008 and FY 2009 as included in the executive proposal.

Montana Arts Council				
Funding of Present Law Adjustments				
	General Fund	State Special	Federal Special	Total
FY 2006 Base	34.62%	16.02%	49.36%	100.00%
Present Law 2008	43.92%	19.04%	37.04%	100.00%
Present Law 2009	19.06%	28.63%	52.31%	100.00%
Total	30.81%	18.36%	50.83%	100.00%

In the 2009 biennium, all legislative audit costs of \$20,502 are funded 100 percent with general fund. State special revenue and federal special revenue funds can also be used to support a percentage of the audit costs. Using state special revenue and federal special revenue funds to offset a portion of the audit costs will reduce the amount of general fund needed to

support this program. If audit costs were funded at the same percentage as other statewide present law adjustment, general fund would be reduced by about \$4,000.

DP 5 - Rent Increase & Relocation Expenses – The executive is proposing a restricted appropriation for the present law increase in rent and moving expenses for MAC. The rent increase is costed at 2000 square feet of space at \$20 per square foot. FY 2008 costs include funding for moving expenses and rewiring.

DP 51401 - Present Law Cost Adjustments - The executive recommends funding of \$5,169 general fund, \$893 state special revenue, and \$6,337 in federal funds over the biennium for anticipated costs of per diem for the council, Cultural and Aesthetic Projects, and the Citizens Advisory Panel, as well as other adjustments including legal fee cost increases, records management cost increases, out-of-state travel costs, and increased production and printing costs for the MAC newspaper.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - LAN Administration, Hosting, and Server Needs										
01	0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000
DP 2 - Arts Education in K-12 Schools										
01	0.00	10,000	0	0	10,000	0.00	12,500	0	0	12,500
DP 8 - Database Re-Write - OTO										
01	0.00	73,920	0	0	73,920	0.00	0	0	0	0
Total	0.00	\$93,920	\$0	\$0	\$93,920	0.00	\$22,500	\$0	\$0	\$22,500

DP 1 - LAN Administration, Hosting, and Server Needs - The executive is proposing \$10,000 of general fund in each year of the biennium for the Montana Arts Council to contract for information technology assistance for standard software, LAN administration, and LAN hosting.

LFD ISSUE

MAC May Not Require Additional Funds For LAN Administration, Hosting and Server Needs

The costs for MAC system development in FY 2006 were budgeted at \$8,675. Actual expenditures were \$2,382. According to MAC staff, the reason for the decrease in the costs was the LAN administration contract with Department of Administration (DOA) costs decreased due to upgraded equipment which is more reliable and the move of the server from MAC to DOA. As the costs for LAN administration declined significantly in the base year MAC may not require a significant increase in the 2009 biennium.

The legislature may wish to consider the necessity of additional funding for this function.

DP 2 - Arts Education in K-12 Schools - The executive recommends increased funding for grants to schools relating to integration of arts education into school curriculum.

LFD COMMENT

Board of Public Education standards require schools to provide art education. Funding to support this activity is included in the BASE aid distributed to the local school districts. The grants proposed here focus on rural schools' access to curriculum through workshops and cooperative agreements. They also provide professional development for teachers who may not have received art education as part of their course work.

DP 8 - Database Re-Write - OTO - The executive is requesting a one-time only appropriation of general fund in FY 2008 to re-write the MAC database. The process would convert the current database to one with more updated software languages. The goal is to increase response time to customers and reduce staff time when creating reports and other printed materials.

LFD COMMENT

The current database at MAC was developed in 1996.

Language

"All federal funds in [Montana Arts council] are biennial appropriations."